

## Nadler Blasts Bankruptcy Bill

Wednesday, 13 April 2005

WASHINGTON, D.C. &ndash; The House of Representatives today passed S. 256, a sweeping overhaul of the United States bankruptcy code, on a vote of 302-126. Congressman Jerrold Nadler (D-NY) has opposed this legislation, in its various forms, for nearly a decade. Republican leadership brought the current incarnation to the House floor under a closed rule, meaning that no amendments were allowed.

The bankruptcy bill purports to curtail the rise in individual bankruptcy filings in recent years, but in its substance it fails to protect debtors at every level, even those victimized by grievous circumstances beyond their control. Financial experts and consumer advocates have universally judged the bill to be a giveaway to big banks and credit card companies.

Congressman Nadler, a senior Democrat on the House Judiciary Committee, urged his colleagues to vote against the measure during today's floor debate. His remarks follow:

"Mr. Speaker, this bill is the worst pay-off to special interests, the worst rip-off &ndash; of the middle class especially &ndash; that I have seen in my public life.

The people who understand how bankruptcy law functions in the real world: the scholars, judges, trustees, and lawyers &ndash; whether they represent debtors, creditors, businesses or individuals &ndash; have all told us that this bill won't work, that it will be costly, and it will produce unfair and irrational results. But we are ignoring them, trusting instead lobbyists, credit card companies, banks, and anyone else who wanted some special favor.

And boy, are there special favors galore. The credit card companies are the big winners, but so are shopping centers, car lenders, crooked debt collectors, investment bankers, credit unions, and assorted sub-prime lenders.

Those credit counseling operations that we've investigated for dishonest activity? They now get a monopoly on granting access to bankruptcy.

Credit card companies who want their debts to survive the bankruptcy and compete with child support claims? They get their wish.

Landlords who want to boot tenants out of their apartments? This bill makes it easier.

Did you buy a trailer home on credit? Now you will have to pay the lender more than its worth to keep your home.

Are you a tax collector? There is an entire title in this bill just for you to squeeze more money out of debtors.

Are you a pawn broker? Section 1230 is for you! You get to keep the pawned property and it can't be sold to pay

other debts, like child support, or medical expenses. That's right, Congress is more worried about the rights of pawn brokers than the rights of children.

So what's going on here? Why are bankers and bureaucrats telling us that this bill is great for single parents with children while children and family advocates are telling us that it is not?

Supporters say that if we help the banks collect more money from bankrupt families, then we won't have to pay that \$400 bankruptcy tax. Our interest rates will go down because the banks will be able to collect more money.

But the Republican leadership wouldn't allow us to consider an amendment I offered that would sunset the whole bill in two years if any savings aren't passed on to consumers — and they won't be.

Does anyone here trust Visa and MasterCard? Because you are writing them a blank check, paid for with taxpayer money, and trusting them to share the benefits with American consumers.

Trust the banks. Trust the lobbyists. Don't trust the people who do these cases for a living. Don't trust the advocates for women and kids. Don't trust the civil rights community. Don't trust labor. Don't trust disabled veterans; and military family advocates. Don't trust crime victims; organizations. Trust the banks. Trust Visa. Trust MasterCard.

Interest rates have come down over the last ten years on mortgages, on cars, on everything — but not on credit cards.

The credit card companies are the beneficiaries; the public will be the victims; and in a few years we will rue the day that we enacted the 60 or 70 different ways in which this bill enables the credit card companies to reach into the pockets of low- and middle-income people.

Then the voters will know who really runs this place."

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